

112TH CONGRESS  
2D SESSION

# H. R. 4265

To amend the Internal Revenue Code of 1986 to impose a 5 percent tax on so much of adjusted gross income of any individual as exceeds \$1,000,000, and to provide incentive for Congress to pass a balanced budget amendment, or spending limit amendment, to the Constitution.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2012

Mr. CRAWFORD introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose a 5 percent tax on so much of adjusted gross income of any individual as exceeds \$1,000,000, and to provide incentive for Congress to pass a balanced budget amendment, or spending limit amendment, to the Constitution.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Shared Responsibility  
5       in Preserving America’s Future Act”.

1 **SEC. 2. SURTAX ON MILLIONAIRES CONTINGENT ON CON-**  
 2 **GRESSIONAL PASSAGE OF A BALANCED**  
 3 **BUDGET AMENDMENT OR SPENDING LIMIT**  
 4 **AMENDMENT.**

5 (a) IN GENERAL.—Subchapter A of chapter 1 of the  
 6 Internal Revenue Code of 1986 is amended by adding at  
 7 the end the following new part:

8 **“PART VIII—SURTAX ON MILLIONAIRES**

“Sec. 59B. Surtax on millionaires.

9 **“SEC. 59B. SURTAX ON MILLIONAIRES.**

10 “(a) GENERAL RULE.—In the case of a taxpayer  
 11 other than a corporation for any taxable year beginning  
 12 after 2012 and before 2023, there is hereby imposed (in  
 13 addition to any other tax imposed by this subtitle) a tax  
 14 equal to 5 percent of so much of the modified adjusted  
 15 gross income of the taxpayer for such taxable year as ex-  
 16 ceeds the threshold amount.

17 “(b) THRESHOLD AMOUNT.—For purposes of this  
 18 section—

19 “(1) IN GENERAL.—The threshold amount is  
 20 \$1,000,000.

21 “(2) INFLATION ADJUSTMENT.—

22 “(A) IN GENERAL.—In the case of any  
 23 taxable year beginning after 2013, the  
 24 \$1,000,000 amount under paragraph (1) shall  
 25 be increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-  
3 termined under section 1(f)(3) for the cal-  
4 endar year in which the taxable year be-  
5 gins, determined by substituting ‘calendar  
6 year 2012’ for ‘calendar year 1992’ in sub-  
7 paragraph (B) thereof.

8 “(B) ROUNDING.—If any amount as ad-  
9 justed under paragraph (1) is not a multiple of  
10 \$10,000, such amount shall be rounded to the  
11 next highest multiple of \$10,000.

12 “(3) MARRIED FILING SEPARATELY.—In the  
13 case of a married individual filing separately for any  
14 taxable year, the threshold amount shall be one-half  
15 of the amount otherwise in effect under this sub-  
16 section for the taxable year.

17 “(c) MODIFIED ADJUSTED GROSS INCOME.—For  
18 purposes of this section—

19 “(1) IN GENERAL.—The term ‘modified ad-  
20 justed gross income’ means adjusted gross income  
21 reduced by the excess of—

22 “(A) gross income from a trade or busi-  
23 ness—

1 “(i) which is not a passive activity  
 2 (within the meaning of section 469(c))  
 3 with respect to the taxpayer, and

4 “(ii) with respect to which the tax-  
 5 payer pays wages to at least 1 full-time  
 6 equivalent employee (as defined in section  
 7 45R(d)(2) determined without regard to  
 8 subsection (e)(1)(A)(iv) thereof), other  
 9 than the taxpayer, over

10 “(B) the deductions which are properly al-  
 11 locable to such income.

12 “(2) REGULATIONS.—The Secretary shall pre-  
 13 scribe regulations similar to the regulations under  
 14 section 469(l) for determining the income that is  
 15 taken into account under paragraph (1)(A).

16 “(d) SPECIAL RULES.—

17 “(1) NONRESIDENT ALIEN.—In the case of a  
 18 nonresident alien individual, only amounts taken  
 19 into account in connection with the tax imposed  
 20 under section 871(b) shall be taken into account  
 21 under this section.

22 “(2) CITIZENS AND RESIDENTS LIVING  
 23 ABROAD.—The dollar amount in effect under sub-  
 24 section (a) shall be decreased by the excess of—

1           “(A) the amounts excluded from the tax-  
2           payer’s gross income under section 911, over

3           “(B) the amounts of any deductions or ex-  
4           clusions disallowed under section 911(d)(6)  
5           with respect to the amounts described in sub-  
6           paragraph (A).

7           “(3) CHARITABLE TRUSTS.—Subsection (a)  
8           shall not apply to a trust all the unexpired interests  
9           in which are devoted to one or more of the purposes  
10          described in section 170(c)(2)(B).

11          “(4) NOT TREATED AS TAX IMPOSED BY THIS  
12          CHAPTER FOR CERTAIN PURPOSES.—The tax im-  
13          posed under this section shall not be treated as tax  
14          imposed by this chapter for purposes of determining  
15          the amount of any credit under this chapter or for  
16          purposes of section 55.

17          “(e) APPLICATION OF SECTION CONTINGENT ON  
18          BALANCED BUDGET OR SPENDING LIMIT AMEND-  
19          MENT.—

20          “(1) SUBMISSION OF AMENDMENT FOR RATIFI-  
21          CATION.—This section shall not apply to any taxable  
22          year which begins before the date on which the  
23          President certifies that the Archivist of the United  
24          States has submitted to the States for their ratifica-  
25          tion a proposed amendment to the Constitution of

1 the United States pursuant to a joint resolution en-  
2 titled ‘Joint resolution proposing a balanced budget  
3 amendment to the Constitution of the United  
4 States.’ or ‘Joint resolution proposing a spending  
5 limit amendment to the Constitution of the United  
6 States.’. If the certification referred to in the pre-  
7 ceding sentence is not made by the President before  
8 September 30, 2012, this section shall not apply to  
9 any taxable year.

10 “(2) RATIFICATION.—This section shall not  
11 apply to any taxable year beginning after December  
12 31, 2017, unless, on or before such date, such an  
13 amendment, by ratification, becomes valid to all in-  
14 tents and purposes as part of the Constitution of the  
15 United States.”.

16 (b) CLERICAL AMENDMENT.—The table of parts for  
17 subchapter A of chapter 1 of the Internal Revenue Code  
18 of 1986 is amended by adding at the end the following  
19 new item:

“PART VIII. SURTAX ON MILLIONAIRES”.

20 (c) SECTION 15 NOT TO APPLY.—The amendment  
21 made by subsection (a) shall not be treated as a change  
22 in a rate of tax for purposes of section 15 of the Internal  
23 Revenue Code of 1986.

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2012.

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